MAPPING POTENTIAL SECTORS BASED ON FINANCIAL AND DIGITAL LITERACY OF WOMEN ENTREPRENEURS: A STUDY OF THE DEVELOPING ECONOMY

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Abstract

This study aims to map the potential sectors based on the financial and digital literacy of women entrepreneurs in the city of Palembang, Indonesia, which continues from the previous research by Fauzi, Antoni, and Suwarni (2020). The research sample is small and medium businesses owned and managed by women entrepreneurs in Palembang where there are 18 districts. The research sample is selected from 18 districts in the city of Palembang and the total sample used is 115 women entrepreneur respondents. Descriptive statistics is employed in this study to map potential sectors and the results show that most businesses in Palembang are businesses engaged in the food, beverage, and tobacco industry, which account for 44.9%, while businesses engaged in other processing sectors rank second among the micro and small businesses in Palembang. Local and provincial governments can be more responsive to stimulate the food, beverage, and tobacco industry sector, other processing industry sectors and the wood industry sector, and wood furniture products so that products in the industrial sector can be superior in the future. The provision of coaching and training must also be more intensively provided by the relevant agencies so that they can help micro, small and medium enterprises (MSMEs) to develop in the future.

Keywords: Potential Sectors, Financial Literacy, Digital Literacy, Small Business Enterprises, Palembang, Indonesia

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1. INTRODUCTION

The micro, small and medium enterprises (MSMEs) sector contributed 60.34% to Indonesia's economic growth, where the number reached 93.4% with a workforce absorption rate of 97.22% (Badan Pusat Statistik, n.d., https://www.bps.go.id/). The large level of labor absorption indicates that the MSME sector is one of the foundations of economic stability through labor-based, community-based economic activities. The ownership of the MSME sector in Southeast Asia is dominated by women entrepreneurs in the amount of 35% (Zhu & Kuriyama, 2016). The MSME sector owned by women in 2016 ranged from 30–37% of the total MSMEs in developing countries (ILO, n.d.). In Indonesia alone

as many as 60% of MSMEs are managed by women out of 52 million MSME actors with a contribution to GDP of 9.1% (Badan Pusat Statistik, n.d., https://www.bps.go.id/). The speed of development of new businesses owned by women entrepreneurs is faster than male entrepreneurs (GEM, 2014). Women entrepreneurs are able to create new jobs not only for themselves but also for others by employing at least one person (Women's World Banking, 2014). IFC predicts that women entrepreneurs will create new businesses where half of the workforce will be contributed from the sector (Women's World Banking, 2014). Not only that, MSMEs in the formal sector owned by women entrepreneurs have increased since 2009 with a percentage of 42.8% and increased to 47% in 2013 (Japhta, Murthy, Fahmi, Marina, & Gupta, 2016).

A significant contribution of the MSME sector managed by women is not accompanied by easy access to finance, access to marketing networks, and other accesses so that the MSME sector itself still has various obstacles. Limited access to effective finance from financial institutions because most of these sectors do not yet have good financial management so that it is common for MSMEs to experience growth stagnation and some even do not develop and are eventually abandoned (Basyith, Idris, & Fitriya, 2014). Furthermore, the limited knowledge of financial management and digital entrepreneurship for women inhibits the growth of this sector where most women entrepreneurs only have a role to help the head of the family in meeting the family's living needs. The limited access to loans is because women do not have ownership rights over assets. After all, ownership of assets is usually in the name of the household head (Basyith et al., 2014). To support the growth of women's entrepreneurial businesses, financial and digital literacy is needed because some studies conclude that financial and digital literacy through mastery of financial management and ICT will provide added value (West, 2012). However, this is not in line with the fact that most women in Southeast Asia have very low financial and digital literacy caused by low levels of education based on the 2011 Asia Pacific Women's Information Network (APWINC) survey (APWINC, 2011). Moreover, digital media literacy remains low for women in Indonesia because of inadequate education, lack of opportunities, and the patriarchal system (Suwana & Lily, 2020). Furthermore, social and cultural barriers also cause women in developing economies to have low digital rates (Antonio & Tuffley, 2014). Not only that, the unavailability of statistical MSME entrepreneurship data based on sex in Indonesia makes it difficult to make certain projections of the contribution of women entrepreneurs to the economy.

Fauzi, Antoni, and Suwarni (2020) investigate the effects of financial and digital literacy on the growth of SMEs managed by women in Indonesia and the results reveal that both financial and digital literacy had positive and significant effects on return on assets. On the other hand, only digital literacy had positive and significant effects on growth. The findings further evidence that women had a lower level of digital knowledge compared to men. Furthermore, the results show that in the short term, financial literacy and digital literacy are important to understand and implement. However, in the long run, digital literacy plays an important role because it impacts business growth. This is in line with an increasingly fierce market competition where the market is also shifting from traditional markets to modern markets. Not only the market, but consumers are also shifting from traditional consumers to digital consumers. Further, this study continues from the previous research by Fauzi, et al. (2020) which surveyed 163 women entrepreneurs, and from that 163 female entrepreneurs, it is found that 115 of them tend to have higher digital and financial literacy. Thus, the remaining female entrepreneurs have further been interviewed for mapping the potential sector. The structure of this paper is as follows. Section 2 reviews the relevant literature. Section 3 analyses the methodology that has been used to conduct empirical research on the effect of financial and digital literacy on the growth of MSMEs. Sections 4 and 5 provide findings and conclusions subsequently.

2. LITERATURE REVIEW

Women entrepreneurs are now given the opportunity to open businesses and develop businesses more easily although they still face various barriers both cultural, financial, and educational obstacles (UNCTAD, 2014). Most research on entrepreneurship in developing countries is focused on male entrepreneurs and only a little research on women entrepreneurs (Hisrich & Brush, 1984, 1986; Bird & Brush, 2002). So that the generalization of the results of male entrepreneurial business research on female entrepreneurs is inappropriate and the results of the study cannot be used as a basis for female entrepreneurial research because there are differences in characteristics between male and female entrepreneurs in various aspects (Carter & Cannon, 1992; Avolio, 2013; Zapalska, 1997; Mitchell, 2004; Minniti, Arenius, & Langowitz, 2005).

Although there is research that focuses on women entrepreneurs, the focus of research is mostly carried out in developed countries. Here are some studies that focus on women entrepreneurs, namely, whether women entrepreneurs are different from male entrepreneurs (Zimmerer & Scarborough, 2001; Malach-Pines, 2002; Bruni, Gherardi, & Poggio, 2004; Boyd, 2005; Brush, Carter, Gatewood, Greene, & Hart, 2006; Malach-Pines & Schwartz, 2006; Lerner & Malach-Pines, 2010; Avolio, 2013). MSMEs create jobs and increase welfare, create innovation and increase economic development (Ayadurai & Selvamalar, 2006). Women's entrepreneurship is defined as a new business initiated and managed by women (Moore, 1990; Sultana, 2012). Women entrepreneurs are women who initiate, organize and operate businesses through product and service innovations (Mordi & Okafor, 2010) that are able to play a significant role in the economic and social improvement in the MSME sector (Ahmed, 2011).

Several studies have found that women entrepreneurs start their businesses with small capital and less debt compared to male entrepreneurs (De Bruin, Brush, & Welter, 2007). This is because first, women entrepreneurs are more focused on the service sector, which requires less capital and this sector is easier to set up (Carter, Anderson, & Shaw, 2001). Second, women entrepreneurs have higher limitations in terms of access to finance (Carter et al., 2001) where only 1%

loans that are collateral-free and 65% of loans require collateral from immovable assets (Japhta et al., 2016). Even though women entrepreneurs have lower default rates than men entrepreneurs (Japhta et al., 2016). Female entrepreneurs have fewer track records of loans than male entrepreneurs do (Shaw, Carter, & Brierton, 2001). Moreover, financial literacy has a significant and positive effect on women's empowerment through entrepreneurship (Islam, Hossain, Islam, Nayeem, & Akter, 2020), and it greatly influences the success of women entrepreneurship (Baporikar & Akino, 2020). In contrast, Oggero, Rossi, and Ughetto (2020) found that financial literacy positively and significantly correlates with the probability of being an entrepreneur but only for men.

Limited financial knowledge (financial literacy) and digital knowledge (digital literacy) are some of the obstacles for women entrepreneurs in accessing finance and business development through digital networks (OECD, 2018). Literacy consists of basic literacy, function literacy, and information literacy. Basic literacy includes the ability to read and write. Function literacy includes the ability to use tools and information literacy includes the ability to obtain, process, and use information effectively. Similar to information literacy, financial literacy is the intellectual ability of individuals to understand and use information relating to finance, financial products, and financial services through lending, investment, planning, risk, and information related to financial well-being.

3. RESEARCH METHODOLOGY

This research uses primary data and secondary data. The research sample is small and medium businesses owned and managed by women entrepreneurs in Palembang where there are 18 districts. The research sample is selected from 18 districts in Palembang and the total sample used is 300 respondents. Descriptive statistics is employed in this study to map potential sectors and products. Mapping is conducted following these steps:

1) identifying superior products;
2) assessing strategic indicators;
3) statistical analysis of the potential factors of superior products and sectors.

Following are the steps in identifying the superior products of Palembang:

1) identifying the resulting product;
2) identifying the amount of production;
3) identifying export and non-products;
4) identifying the number of products exported;
5) comparing the number of production for each product,
6) comparing the number of products exported.

The results of identification and comparison will be presented in the form of a comparison matrix with the aim of making it easier for readers to conclude the research results. From the entire identification of products and the amount of production, both export and non-export products, an assessment of the strategic indicators of Palembang is then carried out using seven (7) indicators: exports, local content in products, employment, growth in the added value of products, linkages between sectors, environmental conservation, and marketing reach. The indicators above will be presented in the form of a matrix to facilitate the comparison process. Before the survey was started, the researcher made a questionnaire and interview questions and Focus Group Discussions (FGDs) used in this study. Survey questionnaires have become the most widely used choice in collecting data related to MSME capital (Graham & Harvey, 2001; Tucker & Lean, 2003; Hussain, Millman, & Matlay, 2006). Questionnaires, interview questions, and FGD materials making will be carried out in five stages:

1) Preparation of the initial questionnaire by the team according to the variables that have been determined based on the research objectives to be achieved.

2) The initial questionnaire that has been made is tested between the fellow research team and colleagues to ascertain the appropriateness and accuracy of the variables to be measured. At this stage, the researcher ensures whether the respondent (the research team and colleagues) understands the intent, direction, and purpose of the questions asked.

3) If there is an error in the question to measure the variables at stage 2, then at this stage a re-design of the questionnaire will be carried out.

4) Questionnaires that have been tested with fellow research team and colleagues and re-designed are then tested on a number of respondents (MSMEs) to determine the accuracy and appropriateness of the questions asked.

5) The same as stage 2, if the respondent cannot understand the intent, direction, and purpose of the question, the respondent cannot answer the question, and the question is not in accordance with the research objectives to be achieved, so at this stage, the research team will re-design the questions, interview material, and FGD. At this stage, the research team will determine the final list of questions for the questionnaire, interview material, and FGD material.

The data were obtained through a survey conducted in mid-January to mid-March before the COVID-19 pandemic, before Indonesia was declared officially exposed to COVID-19.

The survey was conducted in Palembang on MSMEs, especially women business owners, with 115 respondents. In addition, we also include male business owners in the survey and there are 185 respondents. The fewer sample of women business owners compared to male has been explained previously, the main reason is that the ownership of the asset is mostly owned and named with the head of the family, which is the husband. Thus, the total number of respondents is 300 respondents. In addition, the sample number is sufficient to significatively describe women entrepreneurs and literacy as there is no exact number of women entrepreneurship in the observed region, and further, the data of women entrepreneurs are limited.

4. FINDINGS

Based on Table 1, overall, MSMEs owned by one owner are 292 respondents or 97.3%, MSMEs owned by 2 owners are 6 respondents or 2% and only 2 MSMEs (0.7%) are owned by a group (several people). This shows that the ownership of MSMEs is more dominantly owned by one owner.

Table 1. Ownership status

Status		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	1 person	292	97.3	97.3	97.3
	2 persons	6	2.0	2.0	99.3
	Group	2	0.7	0.7	100.0
	Total	300	100.0	100.0	

Based on Table 2, 185 respondents owned MSME businesses, equivalent to 61.7%, while 38.3% were owned by women. It can be concluded that the distribution of respondents based on gender is dominated by male business owners.

Table 2. Ownership gender

Gender		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Male	185	61.7	61.7	61.7
	Female	115	38.3	38.3	100.0
	Total	300	100.0	100.0	

Based on Table 3, 49% of the respondents have a high school education and 9% have a tertiary education, while the rest of the respondents have elementary school and junior high school education, which is nearly 20%. It can be concluded that most respondents have a high school education and above.

Table 3. Education level of business owners

Education		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Elementary school	58	19.3	19.3	19.3
	Junior High School	68	22.7	22.7	42.0
	Senior High School	147	49.0	49.0	91.0
	University	27	9.0	9.0	100.0
	Total	300	100.0	100.0	

Based on Table 4, as many as 206 respondents or 68.7% of MSME respondents run their own businesses (owners as well as managers), and only 86 respondents or 28.7% are carried out by non-owners (families), and only 8 respondents or 2.7% have their businesses run by not the owner (someone else). When viewed from the gender composition, more men run their own businesses, namely as much as 63.1% compared to women 36.9%, and if seen from the total, the male gender manages more independently, which is 43.3% when compared to families (17.3%) and others (1%). The same thing also happened with women business owners where more women manage themselves (25.3%) compared to family (11.3%) and other people (1.7%).

Table 4. MSME management

			Gender		Total
			Male	Female	
Managed by	Owner	Count	130	76	206
		% within managed by	63.1%	36.9%	100.0%
		% of total	43.3%	25.3%	68.7%
	Family	Count	52	34	86
		% within managed by	60.5%	39.5%	100.0%
		% of total	17.3%	11.3%	28.7%
	Someone else	Count	3	5	8
		% within managed by	37.5%	62.5%	100.0%
		% of total	1.0%	1.7%	2.7%
Total		Count	185	115	300
		% within managed by	61.7%	38.3%	100.0%
		% of total	61.7%	38.3%	100.0%

Based on Table 5, more than 85.3% or 256 MSME businesses did not register their businesses with the relevant agencies. Forty-four (44) or 14.7% registered MSME businesses.

Table 5. MSME status

Status		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Register	44	14.7	14.7	14.7
	Not register	256	85.3	85.3	100.0
	Total	300	100.0	100.0	

Based on Table 6, MSMEs in Palembang are more dominated by the food, beverage, and tobacco industry as much as 143 MSMEs or as much as 47.7%, and the processing industry which is as many as 79 businesses or 26.3%, and the MSME that is the least respondent is the textile industry, apparel and leather, wood and wooden products industry and paper industry with 26 MSMEs or 18.7% respectively.

Table 6. Industry types

Industry		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Food, beverages, and tobacco	143	47.7	47.7	47.7
	Textile, garments, and leather	26	8.7	8.7	56.3
	Wood and wooden goods	26	8.7	8.7	65.0
	Pulp and Paper	26	8.7	8.7	73.7
	Processing	79	26.3	26.3	100.0
	Total	300	100.0	100.0	

Based on Table 7, there are 290 MSMEs or 96.7% of MSMEs that produce products for local consumption, and only 10 MSMEs or 3.3% of MSMEs whose products are export-oriented. This is similar when seen from an MSME business, where only 14.7% are registered with the agency. Export products from MSMEs are produced by crackers and *kemplang*, woven fabrics, *songket*, furniture, and woodcarvings with a total of 10 MSMEs.

Table 7. Market objectives

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Yes	10	3.3	3.3	3.3
	No	290	96.7	96.7	100.0
	Total	300	100.0	100.0	

Based on Table 8, 196 MSMEs or 65.3% do not use technology, and only 104 MSMEs or 34.7% use technology. Most MSMEs do not use technology in the food and beverage sector. Of the 65.3% MSMEs that do not use technology in production, the distribution that does not use male and female entrepreneurs is balanced, but when viewed from entrepreneurs who use technology in production, namely 34.7%, the composition that uses technology for men is 77.9% compared to 22.1% of women, this means that male entrepreneurs use technology more than female entrepreneurs.

Table 8. Production technology

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Yes	104	34.7	34.7	34.7
	No	196	65.3	65.3	100.0
	Total	300	100.0	100.0	

Based on Table 9, overall, the marketing of MSME products is easy to market, as evidenced by 190 MSMEs or 63.4% answered agree that the marketing of these products is easy (158 agree and 32 strongly agree), and only 26 MSMEs or 8.7% said they disagreed that marketing their products was easy.

Table 9. Ease of marketing

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Disagree	26	8.7	8.7	8.7
	Neutral	84	28.0	28.0	36.7
	Agree	158	52.7	52.7	89.3
	Strongly agree	32	10.7	10.7	100.0
	Total	300	100.0	100.0	

Based on Table 10, there are 57 MSMEs or 19% who market around the production area, while 148 MSMEs or 49.3% market outside the production area. This shows that these MSME products are also in demand by consumers from outside the production area. Most of the MSME products marketed around the production area are from the food and beverage industry. For each industrial sector, as many as 49.3% of the total respondents answered that they agreed that products were sold outside the production area, and the industries that had the most were the food, beverage, and tobacco industries ranked first, and the leather processing industry was the second largest.

Table 10. Interzone product distribution

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Disagree	57	19.0	19.0	19.0
	Neutral	95	31.7	31.7	50.7
	Agree	114	38.0	38.0	88.7
	Strongly agree	34	11.3	11.3	100.0
	Total	300	100.0	100.0	

Based on Table 11, although MSME products which are export products are still small, 130 respondents or 43.3% stated that MSME products have the potential for export (97 agree and 33 strongly agree). This can be seen from the respondents who answered disagree as many as 56 MSMEs and strongly disagree with 4 MSMEs. For each industrial sector, only the food, beverage, and tobacco industry (77 MSMEs) and processing industry (23 MSMEs) stated that the product had export potential.

Table 11. Export potential

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Strongly disagree	4	1.3	1.3	1.3
	Disagree	56	18.7	18.7	20.0
	Neutral	110	36.7	36.7	56.7
	Agree	97	32.3	32.3	89.0
	Strongly agree	33	11.0	11.0	100.0
	Total	300	100.0	100.0	

Based on Table 12, the quality of products produced by MSMEs is of good quality, because more than 232 respondents or 77.3% agreed (184 agree and 48 strongly agree) that the quality of their products was good, and very few MSMEs stated that their products were of poor quality.

Table 12. Product quality

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Strongly disagree	2	0.7	0.7	0.7
	Disagree	8	2.7	2.7	3.3
	Neutral	58	19.3	19.3	22.7
	Agree	184	61.3	61.3	84.0
	Strongly agree	48	16.0	16.0	100.0
	Total	300	100.0	100.0	

Based on Table 13, as many as 201 respondents or 67% agreed that MSME has production stability (167 agree and 34 strongly agree), and only 30 who stated it was unstable (27 disagree and 3 strongly disagree).

Table 13. Production stability

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Strongly disagree	3	1.0	1.0	1.0
	Disagree	27	9.0	9.0	10.0
	Neutral	69	23.0	23.0	33.0
	Agree	167	55.7	55.7	88.7
	Strongly agree	34	11.3	11.3	100.0
	Total	300	100.0	100.0	

Based on Table 14, users of products made by this MSME are end-users, as many as 250 MSMEs or 83.3% stated that users of their products are end-users (174 agree and 76 strongly agree). Although there are 23 MSMEs (20 disagree and 3 strongly disagree) or 7.7% who state that their products are not used by end-users, this means their products are processed again to become other materials, with a small number of MSMEs whose products are not final, this indicates a small forward linked from this product.

Table 14. Target consumers

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Strongly disagree	3	1.0	1.0	1.0
	Disagree	20	6.7	6.7	7.7
	Neutral	27	9.0	9.0	16.7
	Agree	174	58.0	58.0	74.7
	Strongly agree	76	25.3	25.3	100.0
	Total	300	100.0	100.0	

Based on Table 15, as many as 141 respondents or 47% answered that they use technology (103 agree and 38 strongly agree), and only 99 respondents (95 disagreed and 4 strongly disagreed) or 33% answered that they do not use technology. This can indicate that most respondents in the study use production technology to produce their products and some do not use production technology to produce their products and this shows that many of the products made by MSMEs are also done manually.

Table 15. Technology utilization in production

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Strongly disagree	4	1.3	1.3	1.3
	Disagree	95	31.7	31.7	33.0
	Neutral	60	20.0	20.0	53.0
	Agree	103	34.3	34.3	87.3
	Strongly agree	38	12.7	12.7	100.0
	Total	300	100.0	100.0	

Based on Table 16, the products produced by MSMEs are more characteristic of regional characteristics, this can be seen from 136 MSMEs who agree that the products produced have regional characteristics (100 agree and 36 strongly agree). However, there are still 1040 MSMEs (103 disagree and 4 strongly disagree) who state that the products produced do not have regional characteristics. Some of the products that have regional characteristics include the food industry such as *pempek*, textiles such as *songket* and souvenirs from *songket*, and the wood industry in the form of Palembang carvings that characterize the region.

Table 16. Regional characteristics of MSME products

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Strongly disagree	4	1.3	1.3	1.3
	Disagree	103	34.3	34.3	35.7
	Neutral	57	19.0	19.0	54.7
	Agree	100	33.3	33.3	88.0
	Strongly agree	36	12.0	12.0	100.0
	Total	300	100.0	100.0	

Based on Table 17, as many as 162 MSMEs (98 disagree, 4 strongly disagree, and 60 are neutral) or 54% stated that the products they produce are not regional traditions, meaning that only general products will, however, 138 MSMEs (117 agreed and 21 strongly agreed) stated that their products are continuing local traditions.

Table 17. Continuity of local traditions in MSME products

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Strongly disagree	4	1.3	1.3	1.3
	Disagree	98	32.7	32.7	34.0
	Neutral	60	20.0	20.0	54.0
	Agree	117	39.0	39.0	93.0
	Strongly agree	21	7.0	7.0	100.0
	Total	300	100.0	100.0	

Based on Table 18, MSME products are also relatively not a regional culture, this is evident that there are 160 MSMEs (94 disagree, 5 strongly disagree, and 61 are neutral) or 53.3% who state that their products are not local culture. The MSMEs who answered that their products were local culture were as many as 140 MSMEs (106 agreed and 34 strongly agreed) or 46.6%.

Table 18. Local culture reflection on MSME product

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Strongly disagree	5	1.7	1.7	1.7
	Disagree	94	31.3	31.3	33.0
	Neutral	61	20.3	20.3	53.3
	Agree	106	35.3	35.3	88.7
	Strongly agree	34	11.3	11.3	100.0
	Total	300	100.0	100.0	

Based on Table 19, the workforce used by MSMEs is mostly from the local community. This is indicated by the answers of 204 MSMEs who stated that they agreed (162 agreed and 42 strongly agreed) or 68%, while those who disagreed is 51 MSMEs (45 disagree and 6 strongly disagree) or 17%. They stated that their workforce is not the local community, and 45 MSMEs or 15% stated neutrality. Industries that use labor from outside the region are mostly from the textile and wood industries. *Songket* products require skilled labor that is imported from outside the production area, as well as many woodcarvers who are imported from outside the production area. Furthermore, as many as 204 MSMEs or 68% of the total respondents agreed about local labor, and the food, beverage, and tobacco industry ranks first, the use of local labor, namely 97 respondents or 32% of respondents (MSME), and the processing industry ranks second who use local labor with respondents as much as 62 or 20.7%.

Table 19. Local workforce

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Strongly disagree	6	2.0	2.0	2.0
	Disagree	45	15.0	15.0	17.0
	Neutral	45	15.0	15.0	32.0
	Agree	162	54.0	54.0	86.0
	Strongly agree	42	14.0	14.0	100.0
	Total	300	100.0	100.0	

Based on Table 20, as many as 131 respondents (114 agreed and 17 strongly agree) or 43.7% agreed that MSME products were well packaged, and 75 respondents (55 disagree and 20 strongly disagree) or 25 % disagreed that MSME packaging was good and 94 respondents or 31.3% answered neutrally. This can indicate that the MSME sector as the people's business sector still has weaknesses in the packaging sector; this can be due to the small amount of capital and low levels of profit, thus inciting MSME owners to innovate their MSME products. MSME, which has good packaging, often this packaging is the result of assistance from the corporate social responsibility (CSR) program of profit organizations both government and private. Furthermore, 131 MSMEs stated that their products were well packaged, 75 MSMEs stated that their products were not packaged properly and 94 respondents were neutral. Well-packaged MSME products come from the food and beverage industry and the processing industry. This is in line with the types of products produced for use by end-consumers.

Table 20. MSME product packaging

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Strongly disagree	20	6.7	6.7	6.7
	Disagree	55	18.3	18.3	25.0
	Neutral	94	31.3	31.3	56.3
	Agree	114	38.0	38.0	94.3
	Strongly agree	17	5.7	5.7	100.0
	Total	300	100.0	100.0	

Based on Table 21, the products produced by MSMEs are well known by consumers, this is shown by the fact that as many as 186 MSMEs (171 agree and 15 strongly agree) or 62% state their products are known to consumers. Only 38 MSMEs (37 disagree and 1 strongly disagree) or 12.6% stated that the product was not known to the public, while 76 MSMEs or 25.3% stated that it was neutral.

Table 21. MSME product brand positioning

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Strongly disagree	1	0.3	0.3	0.3
	Disagree	37	12.3	12.3	12.7
	Neutral	76	25.3	25.3	38.0
	Agree	171	57.0	57.0	95.0
	Strongly agree	15	5.0	5.0	100.0
	Total	300	100.0	100.0	

Based on Table 22, although only 74 MSMEs (59 agreed and 15 strongly agreed) or 24.7% stated that their products absorbed a lot of labor, while 63 MSMEs (62 disagreed and 1 strongly disagreed) or 30% who stated that they did not absorb labor force, and 163 MSMEs or 54.3% stated that they were neutral/doubtful about labor absorption. MSMEs, which print neutral are more than those who agree and disagree.

Table 22. Labor absorption

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Strongly disagree	1	0.3	0.3	0.3
	Disagree	62	20.7	20.7	21.0
	Neutral	163	54.3	54.3	75.3
	Agree	59	19.7	19.7	95.0
	Strongly agree	15	5.0	5.0	100.0
	Total	300	100.0	100.0	

Based on Table 23, as many as 166 respondents (154 agree and 12 strongly agree) stated that their MSME business had an impact on the emergence of other related businesses, and as many as 96 respondents or 32% answered neutral, and 38 respondents (37 disagree and 1 strongly disagree) answered that their business had no impact on the emergence of other related businesses. Furthermore, the food, beverage, and tobacco industry sector ranks first with a multiplier effect and the processing industry sector ranks second.

Table 23. Multiplier effect of MSME efforts on other businesses

		Frequency	*Per cent*	*Valid per cent*	*Cumulative per cent*
Valid	Strongly disagree	1	0.3	0.3	0.3
	Disagree	37	12.3	12.3	12.7
	Neutral	96	32.0	32.0	44.7
	Agree	154	51.3	51.3	96.0
	Strongly agree	12	4.0	4.0	100.0
	Total	300	100.0	100.0	

Table 24. Productivity of MSMEs per industry sector

Productivity	*Type of Industry*					*Total*
	Food, beverage, and tobacco	*Textile, leather processing*	*Wood and wood products*	*Pulp and paper*	*Processing industry*	
< 1000	21	3	0	3	18	45
	46.70%	6.70%	0.00%	6.70%	40.00%	100.00%
1000–3000	54	6	0	3	18	81
	66.70%	7.40%	0.00%	3.70%	22.20%	100.00%
3001–6000	33	0	0	15	63	111
	29.70%	0.00%	0.00%	13.50%	56.80%	100.00%
6001–10000	9	3	0	0	18	30
	30.00%	10.00%	0.00%	0.00%	60.00%	100.00%
> = 10000	15	0	0	3	15	33
	45.50%	0.00%	0.00%	9.10%	45.50%	100.00%
Average	43.7%	4.8%	0.0%	6.6%	44.9%	100.0%

Based on the data obtained, the other processing industry sector ranks highest for productivity, namely 44.9%, while the food, beverage, and tobacco industry sector ranks second for productivity, which is 43.7%, and the wood and wood products industry sector ranks third for productivity, which is equal to 6.6%. Productivity is grouped into five productivity categories, namely, productivity over the output of less than 1000 per workforce is given a score of 1; productivity over output from 1000–3000 per worker is given a score of 2; productivity over output from 3001–6000 per worker is given a score of 3; productivity over an output of 6001–10000 is given a score of 4; and productivity over an output of greater than 10000 per workforce is given a score of 5. It can be concluded that, based on productivity in Table 24, the highest productivity in Palembang is in

the processing industry sector, the food, beverage, and tobacco industry sector ranks second and the textile, apparel, and leather industry sectors rank third. Therefore, it can be suggested that the specialization of increasing MSME products should be more stimulated because it is a regional potential for MSME products in the processing industry sector, the food, beverage, and tobacco industry sector, and the textile, apparel, and leather industry sectors to be the superior products of Palembang.

5. CONCLUSION

Based on the previous research conducted by Fauzi et al. (2020) that financial and digital literacy has a significant and positive effect on MSME's growth particularly when women are managing the business. Using the 115 women entrepreneurs who have higher financial and digital literacy, thus this study attempts to map potential sectors and the result reveals that the most businesses in Palembang are businesses engaged in the food, beverage, and tobacco industry, which account for 44.9%, while businesses engaged in other processing sectors rank second among the micro and small businesses in Palembang.

Women represent a vast talent pool hence most women are involved in the food, beverage and tobacco, and processing business sectors. Most women are innovative and have more agility to adapt to dynamic changes. Thus, it makes the business grows and sustains in the long run. This study is limited to the number of respondents used and the period of the research, and further research should consider larger samples hence it makes the result more significant.

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